

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF JANUARY 23, 2006 MEETING

Board Members Present: Thomas Deller, Chairperson; Robert Batting, Vice-Chair; William Kennedy; and Chuck Alves.

Absent: Sharon Conard-Wells and James Capaldi

Also Present: Alfred J. Moscola (General Manager), Lori Caron Silveira (Outside General Counsel), Andrew Prescott (Outside Labor Counsel), Deborah Dawson, Maureen Neira, Mark Therrien, Ellen Farrell, other members of RIPTA's senior staff and the public whose names are listed on the meeting sign-in sheet.

Agenda Item 1: Approval of Minutes of November 21, 2005 Meeting

Mr. Deller requested comments regarding the minutes of the November 21, 2005 meeting. Hearing none, a motion was made for the approval of the minutes of the November 21, 2005 meeting by Robert Batting, which was seconded by William Kennedy. The Board unanimously approved the minutes as presented.

Agenda Item 2: General Managers Report

Mr. Deller asked Mr. Moscola for his report for November. Mr. Moscola reported that the cost of fuel is currently at \$2.07 per gallon. During the current fiscal year, fuel has been at a high of \$2.90 and a low of \$1.96 with a yearly average price of \$2.31. Mr. Deller interjected that the current price is below the budgeted price; Mr. Moscola affirmed Mr. Deller's assertion, and stated that he believes that the cost of fuel will rise in the coming months. A discussion ensued regarding the cost of fueling the CNG vehicles. RIPTA currently has 25 CNG vehicles and is currently paying \$2.51 for CNG fuel from the State, and \$1.10 for CNG fuel at Allens Avenue.

Mr. Moscola stated that the maintenance of RIDOT vehicles continues to go well, and Mr. Alves added that the RIPTA/RIDOT partnership is going extremely well and that not only has the state realized a significant savings, but the vehicles are also more reliable and mechanically sound. The other Board members agreed that Mr. Moscola has done an excellent job with the RIDOT partnership.

Mr. Moscola discussed the recent publicity RIPTA received regarding a bus wrap marketing campaign by Lincoln Park. He advised the Board that the buses were not special direct buses to the Lincoln Park gambling facility, but rather regular service that pulls into Lincoln Park on their way to Woonsocket. Although there were some negative responses to the ad campaign, RIPTA handled the ads in a

manner that is consistent with the advertising policy, and realized a \$50,400 in revenue from this particular campaign. Mr. Moscola advised the Board that such funds will be used to offset the high cost of fuel. Mr. Kennedy stated that people assumed the bus was giving free rides to Lincoln Park, and Mr. Moscola replied that such perception was incorrect, and riders on that bus pay regular fares. Mr. Batting stated that RIPTA should make value judgments regarding the image of RIPTA and the advertisements it accepts. Tom Deller stated that RIPTA has a contract with an advertising firm, which sell the ads and RIPTA then places them. He further indicated that such advertising sales are consistent with RIPTA's overall advertising policy.

Ellen Farrell reminded those present that the February Board meeting was changed due to President's Day and school vacation week. The February Board meeting will take place on Wednesday, March 1st.

Agenda Item 3: Budget Updates – FY 2006 and 2007

Maureen Neira addressed the Board to discuss RIPTA's budget. Currently, RIPTA is over budget in some areas, and under budget in others.

Ms. Neira then discussed the FY 2007 budget. Currently, in the proposed budget, the projected deficit is \$3.1 million, which is down from the previous estimate of a \$3.7 million deficit. She continued to

explain to the Board that of the \$3.1 million deficit, \$1.8 million is attributable to anticipated increases in fuel costs. Ms. Neira also pointed out to the Board that the budget includes an increase to the anticipated revenue from the gas tax yield, but reminded the Board that such revenue is subject to change at the April revenue estimating conference. Ms. Neira and Ms. McMahon discussed with the Board anticipated changes as a result of federal funding. Such changes are not clear yet, but should be public by Spring. Mr. Moscola ended the budget discussion by pointing out that \$3.1 million is the lowest deficit the Authority had in a number of years, and said most of the deficit is directly attributable to high fuel costs.

Mr. Deller asked the Board if they had questions and Mr. Batting stated that the FY 05 budget was \$74.5 million, FY 06 was \$82 million and now the projected FY 07 budget is at \$88 million, clearly showing the total amount of money spent running transit is increasing. He continued that he has not seen any reduction in headcount, management staff, or vehicle count. Mr. Moscola responded that the service has remained status quo during his tenure and he has made minor adjustments to the headway time of the trolleys, which has saved money. He further indicated that the only vehicle increase has been in the area of paratransit services.

Agenda Item 4: IFB 06-13 Cummins Mid-Range Engine Parts

Roger Mencarini discussed the next agenda item, the award of a

contract to Cummins Northeast, Inc. to supply and delivery Cummins Mid-Range Engine Parts. Mr. Mencarini explained that the bid was advertised in the electronic and print media and Cummins Northeast was the only respondent. Staff conducted a single bid analysis and recommends the award of the one-year contract, with four renewal options to Cummins. Mr. Batting moved that the contract be awarded to Cummins Northeast, Inc., as recommended. Mr. Kennedy seconded the motion, which passed unanimously.

Agenda Item 5: RFP 06-12 Actuarial Valuation Services RIPTA Pension Plans

Mr. Mencarini discussed the agenda item 5, Actuarial Valuation Services RIPTA Pension Plans. Mr. Mencarini outlined the details of the bid process, indicating that Staff recommends the award of the contract to Angell Pension Group, the highest rated respondent. Mr. Batting requested an overview of the funding status of the pension plans projected out 4-5 years. After a brief discussion, Mr. Kennedy moved that the contract be awarded to Angell Pension Group as recommended. Mr. Batting seconded the motion, which passed unanimously.

Agenda Item 6: IFB 06-14 Optima Bus Company Model AH 28 Parts

Mr. Mencarini addressed the next staff summary, for the award of a

contract for supply and delivery of parts for the RIPTA trolleys. One vendor, Optima Bus Company, submitted a bid for this one-year contract with four annual renewal options. A single bid analysis was performed by staff, and it was determined that the price offered by Optima was fair and reasonable as a 10% discount was offered. Mr. Alves moved for the award of the contract to Optima Bus Company, Mr. Kennedy seconded the motion and it passed unanimously.

Agenda Item 7: RIPTA Providence/Newport Ferry Service

Tom Deller addressed the next item on the agenda, Providence/Newport Ferry service and noted that it was added at Mr. Batting's request. Mr. Batting stated that since the inception of the ferry, the service has been reduced from full-time to part-time, and the docking location has been moved. He further indicated that in his opinion the ferry service operates as a tourist attraction. Mr. Batting raised questions regarding the future of the service, the cost of moving the docking location and RIPTA's long-term commitment to such service. Mr. Moscola responded that the total cost to re-locate the docking location was \$14,000, and that after carefully considering the re-location he fully supported it for a number of reasons. He agreed with Mr. Batting that the service is a tourist attraction, and reminded the Board that the service is funded via CMAC funds through RIDOT. Mr. Batting asked for how long the funding is in place and was informed that the CMAC grant ends in December 2007.

Mr. Alves added that the ferry operation does not cost RIPTA any money, and that once the grant is exhausted, the ferry operator is on its own. Mr. Deller added that when the money runs out there is no obligation for RIPTA to continue the service and noted that since the infrastructure is in place and the dock was donated to us by Narragansett Electric, if it is to continue, the convention agencies are going to have to find a way to fund it when the contract expires in two years, further indicating that if no one comes forward, the service will go away. Mark Therrien noted that this was the reason RIPTA chose to lease a ferry, and the funding is available to operate the ferry for three more seasons. At that time, the lease can be ended with three days notice. Mr. Moscola added that the current ferry operator is looking for grant funding to operate the ferry as a test project for biodiesel and ultra low sulfur fuel.

Agenda Item 8: Unfunded Medical Liability

Mr. Deller moved on to the next agenda item, unfunded medical liability. Mr. Batting wishes to discuss in relation to new federal mandates and asked if RITPA retirees receive indefinite medical coverage. Maureen Neira stated that they do and the cost of such coverage is paid by monthly premiums and included in the medical expenses in the budget. Mr. Batting asked if there was a separate analysis available to show the costs of coverage for regular

employees versus retirees. Ms. Neria stated that there has been a change to the governmental accounting standard, called GASB 45, which requires an annual valuation, similar to that required for the pension funds. She further indicated that Angell Pension Group will perform such valuation. Mr. Batting requested a breakdown of the costs of lifetime medical benefits, indicating that he wants to be sure that everyone understands the cost implications. Ms. Neira stated that employees earn a benefit to be received at retirement. The GASB 45 requirements must be implemented in June 2008, and RIPTA has started working on the data collection to ensure that all information is collected and available for reporting. Mr. Moscola commented that medical costs are a liability, similar to a pension and the plan is only good if money is contributed. Mr. Kennedy stated that lifetime medical benefits are received for many years of loyal service and further stated that such are subject to the collective bargaining process. Mr. Batting said it is the Board's fiduciary responsibility to understand the status of unfunded medical liability.

Agenda Item 9: McKendall Property

Mr. Batting stated that he received the cost projection requested at the last meeting. He went on to state that the proposal received at the last meeting indicated a cost of \$33 million for construction of the McKendall property. Mr. Batting feels that at a time when RIPTA is facing difficult financial issues, he wants the Board to give the project serious consideration before moving forward. Mr. Moscola

responded that RIPTA received the local match funds for FY 06 and such will be used to cover the cost of demolition/environmental cleanup, securing the property, and the master design. Mr. Moscola stated that local match money for FY 07 for the project is unknown, and if the funds are not available, the project will be on hold. Mr. Deller stated that the Governor has scheduled a design charrette this spring, during which the topic of mass transit will be examined. He further stated that after such meeting, it may be determined that the proposed facility is too small. Mr. Deller indicated that he believes the Board needs to proceed with the development of McKendall, and should keep a close watch on the outcome of the Governor's meeting recognizing that he may look to increase mass transit.

Mr. Moscola advised the Board that he intends to develop the McKendall property in a manner best suited to the needs of the State and RIPTA, and he will do whatever the Board directs him to do. Mr. Deller said that RIPTA needs to continue the demolition work, and must look to the Governor for direction as related to his long-term plan for transportation in the State of Rhode Island. Mr. Kennedy added that he is pleased that the Governor recognizes the need for mass transit.

Agenda Item 10: Public Comment Period

Mr. Deller requested public comments. No public comments were received.

Agenda Item 11: Executive Session Adjournment

Mr. Deller moved that RIPTA adjourn to an executive session, as noticed in the agenda, under sections § 42-46-5(a)(2) for the purposes of discussing labor matters. Mr. Kennedy moved to adjourn and to convene an executive session; Mr. Batting seconded the motions. A roll call vote was taken on the motion to convene to executive session. All Board members voted to convene the executive session.

Following the Board's return to open session, Mr. Batting moved to seal the executive session minutes. Mr. Alves seconded the motion, which passed unanimously.

Agenda Item 12: Adjournment

Mr. Alves moved to adjourn the meeting; Mr. Kennedy seconded the motion, which passed unanimously

Respectfully submitted,

Ellen M. Farrell

Secretary to the Board